

TOWNSHIP OF GRANT
Oceana County, Michigan

FINANCIAL REPORT WITH
SUPPLEMENTARY INFORMATION

Year Ended June 30, 2007

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name <u>Township of Grant</u>	County <u>Oceana</u>
Fiscal Year End <u>June 30, 2007</u>	Opinion Date <u>August 24, 2007</u>	Date Audit Report Submitted to State <u>September 4, 2007</u>	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

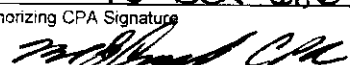
We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES ☒ NO ☐ Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☒ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☒ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>	NIA	
Certified Public Accountant (Firm Name) <u>Campbell, Kusterer & Co., PC</u>		Telephone Number <u>989-894-1040</u>	
Street Address <u>612 N. Lincoln Street, Suite 100</u> <u>PO Box 686</u>		City <u>Bay City</u>	State <u>MI</u>
Authorizing CPA Signature 		Printed Name <u>Mark J. Campbell</u>	Zip <u>48707</u>
		License Number <u>1885282</u>	

TOWNSHIP OF GRANT
Oceana County, Michigan

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CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

August 24, 2007

To the Township Board
Township of Grant
Oceana County, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of Township of Grant, Oceana County, Michigan as of and for the year ended June 30, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Township of Grant's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Township of Grant, Oceana County, Michigan as of June 30, 2007, and the respective changes in financial position thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and budgetary comparison information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Township's basic financial statements. The other supporting information described in the accompanying table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants

TOWNSHIP OF GRANT
Oceana County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2007

The Management's Discussion and Analysis report of the Township of Grant covers the Township's financial performance during the year ended June 30, 2007.

FINANCIAL HIGHLIGHTS

Our financial status remained stable over the last year. Net assets at June 30, 2007, totaled \$759,303.37 for governmental activities.

Overall revenues were \$446,557.61 from governmental activities.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts, management's discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the Township and the notes to the financial statements.

The first two statements are entity-wide financial statements and provide both long and short-term information about our overall financial status. These statements present governmental activities.

The remaining statements are fund financial statements, which focus on individual parts of the Township in more detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

ENTITY-WIDE FINANCIAL STATEMENTS

The entity-wide statements report information about the Township as a whole using accounting methods used by private companies. The statement of net assets includes all of the Township's assets and liabilities. The statement of activities records all of the current year revenues and expenses regardless of when received or paid.

The two entity-wide statements report net assets and how they have changed. Net assets are the difference between the entity's assets and liabilities and this is one method to measure the entity's financial health or position.

Over time increases/decreases in the entity's net assets are an indicator of whether financial position is improving or deteriorating.

To assess overall health of the entity you may also have to consider additional factors such as tax base changes, facility conditions and personnel changes.

All of the activities of the Township are reported as governmental activities. This includes the General Fund, Fire Fund, and the Building Inspection Fund.

TOWNSHIP OF GRANT
Oceana County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2007

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Township's funds, focusing on significant (major) funds not the Township as a whole. Funds are used to account for specific activities or funding sources. Some funds are required by law or bond covenants. The Township Board also may create them. Funds are established to account for funding and spending of specific financial resources and to show proper expenditures of those resources.

The Township has the following types of funds:

Governmental funds: All of the Township's activities are included in the governmental category. These funds are presented on the modified accrual basis, which is designed to show short-term financial information. You will note that the differences between the Township's entity-wide statements and the fund statements are disclosed in reconciling statements to explain the differences between them. The Township's governmental activities include the General Fund, the Fire Fund and the Building Inspection Fund.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Our cash position in the governmental activities remains strong.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

The General Fund pays for most of the Township's governmental services with total expenditures of \$231,140.86.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

The Township's governmental activities invested \$268,341.00 in capital assets.

The Township obtained a new loan for \$260,000.00. The Township paid \$66,922.99 in debt services.

KNOWN FACTORS AFFECTING FUTURE OPERATIONS

The future of state revenue sharing is very clouded and it represents a significant portion of our income.

CONTACTING THE TOWNSHIP'S MANAGEMENT

This financial report is designed to provide our taxpayers, creditors, investors and customers with a general overview of the Townships finances and to demonstrate the Township's accountability for the revenues it receives. If you have any questions concerning this report please contact the Township Supervisor, Clerk or Treasurer at 231-893-6336.

TOWNSHIP OF GRANT
Oceana County, Michigan

GOVERNMENT-WIDE STATEMENT OF NET ASSETS
June 30, 2007

	<u>Governmental Activities</u>
ASSETS:	
CURRENT ASSETS:	
Cash in bank	104 090 92
Due from other units	<u>59 219 15</u>
Total Current Assets	<u>163 310 07</u>
NON-CURRENT ASSETS:	
Capital Assets	1 320 701 00
Less: Accumulated Depreciation	<u>(444 707 70)</u>
Total Non-current Assets	<u>875 993 30</u>
TOTAL ASSETS	<u><u>1 039 303 37</u></u>
LIABILITIES AND NET ASSETS:	
LIABILITIES:	
CURRENT LIABILITIES	<u>-</u>
Total Current Liabilities	<u>-</u>
NON-CURRENT LIABILITIES:	
Notes payable	<u>280 000 00</u>
Total Non-current Liabilities	<u>280 000 00</u>
Total Liabilities	<u>280 000 00</u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	595 993 30
Unrestricted	<u>163 310 07</u>
Total Net Assets	<u>759 303 37</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>1 039 303 37</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GRANT
Oceana County, Michigan

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year ended June 30, 2007

	<u>Expenses</u>	<u>Program Revenue</u>	<u>Governmental Activities</u>
		<u>Charges for Services</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
FUNCTIONS/PROGRAMS			
Governmental Activities:			
Legislative	4 800 00	-	(4 800 00)
General government	156 322 42	33 609 77	(122 712 65)
Public safety	195 315 30	68 739 00	(126 576 30)
Public works	8 516 91	-	(8 516 91)
Interest on long-term debt	6 922 99	-	(6 922 99)
Total Governmental Activities	<u>371 877 62</u>	<u>102 348 77</u>	<u>(269 528 85)</u>
General Revenues:			
Property taxes			140 579 09
State revenue sharing			176 236 02
Interest			9 087 04
Miscellaneous			<u>18 306 69</u>
Total General Revenues			<u>344 208 84</u>
Change in net assets			74 679 99
Net assets, beginning of year			<u>684 623 38</u>
Net Assets, End of Year			<u>759 303 37</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GRANT
Oceana County, Michigan

BALANCE SHEET – GOVERNMENTAL FUNDS

June 30, 2007

	<u>General</u>	<u>Fire</u>	<u>Other Funds (Building Inspection)</u>	<u>Total</u>
<u>Assets</u>				
Cash in bank	82 908 38	-	-	82 908 38
Due from other units	59 219 15	-	-	59 219 15
Due from other funds	<u>21 182 54</u>	<u>-</u>	<u>-</u>	<u>21 182 54</u>
Total Assets	<u>163 310 07</u>	<u>-</u>	<u>-</u>	<u>163 310 07</u>
<u>Liabilities and Fund Equity</u>				
Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund equity:				
Fund balances:				
Unreserved:				
Undesignated	<u>163 310 07</u>	<u>-</u>	<u>-</u>	<u>163 310 07</u>
Total fund equity	<u>163 310 07</u>	<u>-</u>	<u>-</u>	<u>163 310 07</u>
Total Liabilities and Fund Equity	<u>163 310 07</u>	<u>-</u>	<u>-</u>	<u>163 310 07</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GRANT
Oceana County, Michigan

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2007

TOTAL FUND BALANCES – GOVERNMENTAL FUNDS	163 310 07
Amounts reported for governmental activities in the statement of net assets are different because –	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet:	
Capital assets at cost	1 320 701 00
Accumulated depreciation	(444 707 70)
Long-term debt liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:	
Notes payable	<u>(280 000 00)</u>
TOTAL NET ASSETS – GOVERNMENTAL ACTIVITIES	<u><u>759 303 37</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GRANT
Oceana County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES --
GOVERNMENTAL FUNDS
Year ended June 30, 2007

	<u>General</u>	<u>Fire</u>	<u>Other Funds (Building Inspection)</u>	<u>Total</u>
Revenues:				
Property taxes	78 800 23	61 778 86	-	140 579 09
Licenses and permits	6 050 36	-	9 639 00	15 689 36
State revenue sharing	176 236 02	-	-	176 236 02
Charges for services – PTAF	27 559 41	-	-	27 559 41
Charges for services – other	-	59 100 00	-	59 100 00
Interest	9 087 04	-	-	9 087 04
Miscellaneous	12 806 69	5 500 00	-	18 306 69
Total revenues	<u>310 539 75</u>	<u>126 378 86</u>	<u>9 639 00</u>	<u>446 557 61</u>
Expenditures:				
Legislative:				
Township Board	4 800 00	-	-	4 800 00
General government:				
Supervisor	10 800 00	-	-	10 800 00
Elections	4 520 29	-	-	4 520 29
Assessor	13 500 00	-	-	13 500 00
Clerk	20 413 03	-	-	20 413 03
Board of Review	1 937 50	-	-	1 937 50
Treasurer	18 878 00	-	-	18 878 00
Building and grounds	48 491 00	-	-	48 491 00
Cemetery	4 005 88	-	-	4 005 88
Unallocated	16 051 72	-	-	16 051 72
Public safety:				
Police protection	6 486 83	-	-	6 486 83
Fire protection	-	153 662 73	-	153 662 73
Protective Inspection	-	-	9 639 00	9 639 00
Planning and zoning	9 910 04	-	-	9 910 04
Public works:				
Highways and streets	8 516 91	-	-	8 516 91
Capital outlay	-	268 341 00	-	268 341 00
Debt service	62 829 66	4 093 33	-	66 922 99
Total expenditures	<u>231 140 86</u>	<u>426 097 06</u>	<u>9 639 00</u>	<u>666 876 92</u>
Excess (deficiency) of revenues over expenditures	<u>79 398 89</u>	<u>(299 718 20)</u>	<u>-</u>	<u>(220 319 31)</u>
Other financing sources (uses):				
Loan proceeds	-	260 000 00	-	260 000 00
Operating transfers in	-	39 718 20	-	39 718 20
Operating transfers out	(39 718 20)	-	-	(39 718 20)
Total other financing sources (uses)	<u>(39 718 20)</u>	<u>299 718 20</u>	<u>-</u>	<u>260 000 00</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	39 680 69	-	-	39 680 69
Fund balances, July 1	<u>123 629 38</u>	<u>-</u>	<u>-</u>	<u>123 629 38</u>
Fund Balances, June 30	<u><u>163 310 07</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>163 310 07</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GRANT
Oceana County, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year ended June 30, 2007

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS 39 680 69

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures; in the Statement of Activities,
these costs are allocated over their estimated useful lives as depreciation

Depreciation Expense	(33 341 70)
Capital Outlay	268 341 00

Receipt of debt proceeds is a financing source in the governmental funds, the receipt
does not have an effect in the statement of activities but does increase the debt
balance in the statement of net assets.

Loan proceeds	(260 000 00)
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Repayment of debt principal is an expenditure in the governmental funds, the
repayment does not have an effect in the statement of activities but does
reduce the debt balance in the statement of net assets.

Principal payments on long-term debt	<u>60 000 00</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>74 679 99</u></u>
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The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GRANT
Oceana County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2007

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Township of Grant, Oceana County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

The financial statements of the Township contain all the Township funds that are controlled by or dependent on the Township's executive or legislative branches.

The reporting entity is the Township of Grant. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

Government-Wide and Fund Financial Statements

The government-wide financial statements, (the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All the Township's government-wide activities are considered governmental activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments and other items not properly included among program revenues are reported as general revenue.

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

TOWNSHIP OF GRANT
Oceana County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2007

Note 1 – Summary of Significant Accounting Policies (continued)

Governmental Funds

General Fund

This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Special Revenue Funds

These funds are used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action. The Township has a Fire Fund and a Building Inspection Fund.

Fiduciary Fund

The Current Tax Collection Fund is used to account for assets held as an agent for others.

Assets, Liabilities and Net Assets or Equity

Bank deposits and investments – Cash and cash equivalent investments include cash on hand, demand deposits, certificates of deposit and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables

Receivables have been recognized for all significant amounts due to the Township. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The 2006 tax roll millage rate was 2.1691 mills, and the taxable value was \$64,695,726.00.

TOWNSHIP OF GRANT
Oceana County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2007

Note 1 – Summary of Significant Accounting Policies (continued)

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

Capital Assets

Capital assets are defined by the Township as assets with an initial cost of more than \$5,000.00 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings, additions and improvements	40 years
Equipment	8-30 years

Compensated Absences (Vacation and Sick Leave)

Employees are not allowed to accumulate vacation and sick pay.

Post-employment Benefits

The Township provides no post-employment benefits to past employees.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Note 2 – Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.

TOWNSHIP OF GRANT
Oceana County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2007

Note 2 – Budgets and Budgetary Accounting (continued)

6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

Note 3 – Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated three banks for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

The Township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

	<u>Carrying Amounts</u>
Total Deposits	<u>104 090 92</u>

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

	<u>Bank Balances</u>
Insured (FDIC)	114 683 11
Uninsured and Uncollateralized	<u>-</u>
Total Deposits	<u>114 683 11</u>

The Township of Grant did not have any investments as of June 30, 2007.

TOWNSHIP OF GRANT
Oceana County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2007

Note 4 – Capital Assets

Capital asset activity of the Township's Governmental activities for the current year was as follows:

	Balance 7/1/06	Additions	Deletions	Balance 6/30/07
<u>Governmental Activities:</u>				
Land	25 000 00	-	-	25 000 00
Buildings	709 000 00	-	-	709 000 00
Equipment	318 360 00	268 341 00	-	586 701 00
 Total	 1 052 360 00	 268 341 00	 -	 1 320 701 00
Accumulated Depreciation	(411 366 00)	(33 341 70)	-	(444 707 70)
Net Capital Assets	640 994 00	234 999 30	-	875 993 30

Note 5 – Changes in General Long-Term Debt

A summary of changes in general long-term debt follows:

	Balance 7/1/06	Additions	Deductions	Balance 6/30/07
Note payable - building	80 000 00	-	60 000 00	20 000 00
Note payable - vehicle	-	260 000 00	-	260 000 00
Total	80 000 00	260 000 00	60 000 00	280 000 00

Note 6 – Note Payable – Building

The Township has a note payable to Shelby State Bank for financing the construction of the Township hall and fire station building. Interest is paid monthly at 3.5% per annum. The entire principal balance of \$20,000.00 is due during the year ended June 30, 2008.

Note 7 – Note Payable – Vehicle

On October 27, 2006, the Township obtained a loan of \$260,000.00 from Shelby State Bank to finance a new pumper fire truck. Interest is paid monthly at 4.3% per annum. The entire principal balance of \$260,000.00 is due during the year ended June 30, 2008.

Note 8 – Pension Plan

The Township has a defined contribution pension plan. The Township contributes an amount of each covered employee's annual salary to the plan. Pension expense for the fiscal year ended June 30, 2007, was \$3,075.36.

Note 9 – Deferred Compensation Plan

The Township does not have a deferred compensation plan.

TOWNSHIP OF GRANT
Oceana County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2007

Note 10 – Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 11 – Building Permits

As of June 30, 2007, the Township had building permit revenues of \$9,639.00 and building permit expenses of \$9,639.00.

Note 12 – Interfund Receivables and Payables

The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	<u>21 182 54</u>	Current Tax Collection	<u>21 182 54</u>
Total	<u>21 182 54</u>	Total	<u>21 182 54</u>

Note 13 – Interfund Transfers

The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Fund</u>	<u>Transfers Out</u>
Fire	<u>39 718 20</u>	General	<u>39 718 20</u>
Total	<u>39 718 20</u>	Total	<u>39 718 20</u>

Note 14 – Budget Variances

For the fiscal year ended June 30, 2007, Township expenditures exceeded the budgeted amounts in several activities as follows:

	<u>Total Budget</u>	<u>Total Expenditures</u>	<u>Excess Expenditures</u>
General Fund Activity:			
Clerk	19 000 00	20 413 03	1 413 03
Building and grounds	38 000 00	48 491 00	10 491 00
Debt service	62 000 00	62 829 66	829 66

TOWNSHIP OF GRANT
Oceana County, Michigan

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
Year ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Property taxes	70 000 00	70 000 00	78 800 23	8 800 23
Licenses and permits	5 000 00	5 000 00	6 050 36	1 050 36
State revenue sharing	170 000 00	170 000 00	176 236 02	6 236 02
Charges for services – PTAF	18 000 00	18 000 00	27 559 41	9 559 41
Interest	1 500 00	1 500 00	9 087 04	7 587 04
Miscellaneous	10 000 00	10 000 00	12 806 69	2 806 69
Total revenues	<u>274 500 00</u>	<u>274 500 00</u>	<u>310 539 75</u>	<u>36 039 75</u>
Expenditures:				
Legislative:				
Township Board	5 000 00	5 000 00	4 800 00	(200 00)
General government:				
Supervisor	11 000 00	11 000 00	10 800 00	(200 00)
Elections	6 000 00	6 000 00	4 520 29	(1 479 71)
Assessor	14 000 00	14 000 00	13 500 00	(500 00)
Clerk	19 000 00	19 000 00	20 413 03	1 413 03
Board of Review	2 000 00	2 000 00	1 937 50	(62 50)
Treasurer	19 000 00	19 000 00	18 878 00	(122 00)
Building and grounds	38 000 00	38 000 00	48 491 00	10 491 00
Cemetery	10 000 00	10 000 00	4 005 88	(5 994 12)
Unallocated	16 500 00	16 500 00	16 051 72	(448 28)
Public safety:				
Police protection	10 000 00	10 000 00	6 486 83	(3 513 17)
Planning and zoning	16 000 00	16 000 00	9 910 04	(6 089 96)
Public works:				
Highways and streets	27 143 68	27 143 68	8 516 91	(18 626 77)
Debt service	<u>62 000 00</u>	<u>62 000 00</u>	<u>62 829 66</u>	<u>829 66</u>
Total expenditures	<u>255 643 68</u>	<u>255 643 68</u>	<u>231 140 86</u>	<u>(24 502 82)</u>
Excess (deficiency) of revenues over expenditures	<u>18 856 32</u>	<u>18 856 32</u>	<u>79 398 89</u>	<u>60 542 57</u>
Other financing sources (uses):				
Operating transfers out	<u>(68 000 00)</u>	<u>(68 000 00)</u>	<u>(39 718 20)</u>	<u>28 281 80</u>
Total other financing sources (uses)	<u>(68 000 00)</u>	<u>(68 000 00)</u>	<u>(39 718 20)</u>	<u>28 281 80</u>
Excess (deficiency) of revenues and Other sources over expenditures and other uses	<u>(49 143 68)</u>	<u>(49 143 68)</u>	<u>39 680 69</u>	<u>88 824 37</u>
Fund balance, July 1	<u>49 143 68</u>	<u>49 143 68</u>	<u>123 629 38</u>	<u>74 485 70</u>
Fund Balance, June 30	<u>-</u>	<u>-</u>	<u>163 310 07</u>	<u>163 310 07</u>

TOWNSHIP OF GRANT
Oceana County, Michigan

BUDGETARY COMPARISON SCHEDULE – FIRE FUND
Year ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Property taxes	72 000 00	72 000 00	61 778 86	(10 221 14)
Charges for service	30 000 00	30 000 00	59 100 00	29 100 00
Miscellaneous	-	-	5 500 00	5 500 00
Total revenues	<u>102 000 00</u>	<u>102 000 00</u>	<u>126 378 86</u>	<u>24 378 86</u>
Expenditures:				
Public safety:				
Fire protection	167 000 00	167 000 00	153 662 73	(13 337 27)
Capital outlay	270 000 00	270 000 00	268 341 00	(1 659 00)
Debt service	<u>8 000 00</u>	<u>8 000 00</u>	<u>4 093 33</u>	<u>(3 906 67)</u>
Total expenditures	<u>445 000 00</u>	<u>445 000 00</u>	<u>426 097 06</u>	<u>(18 902 94)</u>
Excess (deficiency) of revenues over expenditures	<u>(343 000 00)</u>	<u>(343 000 00)</u>	<u>(299 718 20)</u>	<u>43 281 80</u>
Other financing sources (uses):				
Loan proceeds	275 000 00	275 000 00	260 000 00	(15 000 00)
Operating transfers in	<u>68 000 00</u>	<u>68 000 00</u>	<u>39 718 20</u>	<u>(28 281 80)</u>
Total other financing sources (uses)	<u>343 000 00</u>	<u>343 000 00</u>	<u>299 718 20</u>	<u>(43 281 80)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	-	-
Fund balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

TOWNSHIP OF GRANT
Oceana County, Michigan

CURRENT TAX COLLECTION FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year ended June 30, 2007

	<u>Balance</u> <u>7/1/06</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/07</u>
<u>Assets</u>				
Cash in Bank	<u>68 945 92</u>	<u>1 968 963 15</u>	<u>2 016 726 53</u>	<u>21 182 54</u>
<u>Liabilities</u>				
Due to other funds	18 523 99	144 487 53	141 828 98	21 182 54
Due to others	<u>50 421 93</u>	<u>1 824 475 62</u>	<u>1 874 897 55</u>	<u>-</u>
Total Liabilities	<u>68 945 92</u>	<u>1 968 963 15</u>	<u>2 016 726 53</u>	<u>21 182 54</u>

TOWNSHIP OF GRANT
Oceana County, Michigan

CURRENT TAX COLLECTION FUND
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
Year ended June 30, 2007

Cash in bank – beginning of year	<u>68 945 92</u>
Cash receipts:	
Property tax	1 963 528 25
Interest	<u>5 434 90</u>
Total cash receipts	<u>1 968 963 15</u>
Total beginning balance and cash receipts	<u>2 037 909 07</u>
Cash disbursements:	
Township General Fund	80 050 12
Township Fire Fund	61 778 86
Oceana County	897 270 32
Oceana County I.S.D.	29 763 60
Muskegon County I.S.D.	136 640 35
Montague School District	520 819 62
Shelby Public Schools	201 060 71
Shelby Area District Library	13 369 21
State of Michigan	71 546 04
Refunds	<u>4 427 70</u>
Total cash disbursements	<u>2 016 726 53</u>
Cash in Bank – End of Year	<u>21 182 54</u>

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

August 24, 2007

To the Township Board
Township of Grant
Oceana County, Michigan

We have audited the financial statements of the Township of Grant for the year ended June 30, 2007. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES

We conducted our audit of the financial statements of the Township of Grant in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

To the Township Board
Township of Grant
Oceana County, Michigan

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described in Note 1 to the financial statements.

OTHER COMMUNICATIONS

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments are available to review.

COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY

Our procedures disclosed the following conditions that we would like to bring to your attention:

MANDATORY UNIFORM CHART OF ACCOUNTS

The Township is not using the State of Michigan mandatory uniform chart of accounts. We provided the Township with a copy of the State of Michigan mandatory uniform chart of accounts. The Township Clerk now has the information necessary to implement this required system. We recommend that implementation be started retroactive to July 1, 2007.

PAID INVOICES NOT CANCELLED

Paid invoices have not been cancelled upon payment. The Township Clerk has stated his intention to begin marking the paid invoices as paid with the date paid, the check number, the account distribution number and his initials. We recommended that implementation be started retroactive to July 1, 2007.

DISBURSEMENT PROCEDURES

During our testing we noted several instances where a written invoice could not be located to support an expenditure. We recommend that the Township Board adopt and enforce a policy that requires a written invoice for every expenditure.

TOWNSHIP TRASURER'S BOOKS

The Township Treasurer's books did not include all required information for all Township accounts; The Township Treasurer now has an understanding of what accounting records are required. We recommend that the required record of receipts disbursements and running balances for all bank accounts in all Township funds be implemented retroactive to July 1, 2007.

To the Township Board
Township of Grant
Oceana County, Michigan

BUDGETING

Township expenditures exceeded budgeted amounts in several activities for the year ended June 30, 2007. We provided the Township with a copy of the State of Michigan uniform budget manual. We recommend that budgets be adopted and amended as necessary for each budgetary fund of the Township in compliance with State law.

SEGREGATION OF DUTIES

A separation of duties between persons who authorize transactions and persons who have control over the related assets does not always exist.

The least desirable accounting system is one in which an employee is responsible for executing the transaction and then recording the transaction from its origin to its ultimate posting in the General Ledger. This increases the likelihood that intentional or unintentional errors will go undetected. In most cases, adequate segregation of duties substantially increases control over errors without duplication of effort.

We understand that due to the size of needed staff, a proper segregation of duties may be impractical and the "cost to benefit" relationship may not justify the addition of accounting staff to accomplish the desired segregation.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the Township's financial statements, dated June 30, 2007.

SUMMARY

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,


CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants